

STATEMENT OF PURPOSE

RS27730 / H0550

The IDEal – Idaho College Savings Program helps families to save for higher education and enables residents to further educational opportunities and pursue professional goals. The purpose of this bill is to provide an incentive for employers to help their employees enhance educational savings goals by contributing directly to the employee's qualified state tuition program accounts administered by IDEal.

The bill provides employers a tax credit for contributing to an employee's individual IDEal – Idaho 529 College Savings Program account. The tax credit is 20% of the total employer's contribution with a maximum of \$500 tax credit per employee, per taxable year.

FISCAL NOTE

It is expected that employer participation in the tax credit will begin slowly and build over time. For comparison, Colorado's 529 program initiated an employer tax credit beginning in January 1, 2019. Eighty-three companies participated in Colorado's first year with employer deposits to 270 employee accounts. In 2019, the total employer funds contributed to individual employee accounts through the Colorado program was \$403,791. The total fiscal impact to the state for Colorado in 2019 for the employer tax credit was \$80,758. Based on Colorado's experience, IDEal anticipates less than a \$100,000 fiscal impact in the first year of the tax credit program

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).